

Office of Healthy Homes and Lead Hazard Control
Annual Risk Analysis
February 2004

Summary

Each year our Government Technical Representatives conduct risk assessments for each of their assigned grants. These annual risk assessments are in addition to the Quarterly Performance Evaluations designed to examine performance factors critical in the success of OHHLHC grants. The Annual Risk Analysis, required under the Departmental Management Control Program Handbooks, establishes both quantitative and qualitative risk based monitoring factors be used to examine and rank high-risk activities and grantees. The Management Handbook requires that program areas assign an annual risk rating to each grantee through a risk assessment process utilizing the HUD Risk Assessment Worksheet. The Assessment and analysis can then be used to establish priorities for monitoring and to ensure that grantees with the highest risk are monitored within the resources made available. Below is a summary of the results of our Annual Risk Analysis. We encourage you to contact your Government Technical Representative (GTR) to find out your relative risk ranking.

The results of the risk analysis shows that 63% of the grant portfolio (92 grantees) is performing well as reflected by their low risk score of less than 30 points. The balance of the portfolio is ranked as follows:

- 36 medium- risk grantees – a risk score between 30 and 50 (25% of the portfolio).
- 18 High- risk grantees – a risk score of 51 or higher (12% of the portfolio).

The chart below shows the results of the program- specific risk rankings.

Program	Low Risk Grants	Medium Risk Grants	High Risk Grants	Total Grants
Healthy Homes	18	12	3	33
LEAP	4	3	0	7
Lead Tech. Studies	10	0	0	10
Lead Hazard Control	60	20	13	93
Lead Outreach	0	1	2	3
All Programs	92	36	18	146

Background

The inherent risk of a program depends on its susceptibility to fraud, waste, abuse, and mismanagement. An overall risk rating is required of all program grantees. This risk rating is Low, Medium, or High depending on a grantee's score:

Low Risk - Score of less than 30

Medium Risk - A score between 30 and 50

High Risk - A score of 51 or higher

While the quarterly assessment of performance ranks grantees into a Red (High Risk), Yellow (Medium Risk) or Green (Low Risk) category, it does not evaluate the risk within a given color and therefore one cannot, with justification, indicate that any red, yellow, or green grantee is of greater or lesser risk within those color categories. This risk analysis relies heavily on the GTR/GTM's knowledge and judgment in making an evaluation of program risk. The result of this risk assessment is used to schedule a more detailed management control review, a compliance monitoring visit. Therefore, this analysis is a strategy to identify and target management attention and resources by setting monitoring objectives to review program participants representing the greatest risk to OHHLHC.

The risk analysis is based on the most recent GTR assessment of grantee performance in FY 2003, as well as other knowledge the GTR considers relevant to accurately establish a grantee's risk rating. The GTRs considered a variety of performance factors, as applicable to a specific program and/or grantee, including:

- Project Activities, Quality Assurance/Quality Control
- Financial Responsiveness (LOCCS Drawdowns)
- Project Startup
- Method Development
- Education /Outreach
- Study Implementation
- Project Evaluation
- Reporting, etc.
- Unit Production
- Inspections
- Training
- Outreach
- Physical (treatments, evaluation and lead safe work practices)
- Services (unit production/relocation)

If the GTR considered that the numerical risk rating did not reflect an appropriate risk, the GTR adjusted the numerical rating to reflect the risk considered to be appropriate, and provided justification/explanation for the risk ranking change. Some factors considered when adjusting the risk rating included:

- Monitoring
- Management
- Satisfaction